

SMART Plan update

WINTER 2008 VOL 5, NO 4

EDUCATE

YOUR 457 DEFERRED COMPENSATION PLAN NEWSLETTER

FOR MORE INFORMATION: GO TO WWW.MASS-SMART.COM

Distribution Options for Your Mandatory OBRA Account

Whether you've accumulated a hefty nest egg in the OBRA Plan over the years or you have a smaller account balance accumulated over a few summers of part-time work, it's important to know that it's always **your** money. Let's take a brief look at the distribution options available to you.

Distribution of your SMART Plan benefits can only be made upon:

- Severance from employment
- Your death

Severance from employment occurs because of your voluntary or involuntary termination of employment. **There is no early withdrawal penalty for taking a distribution of your account upon separation of service, regardless of your age.** If you no longer work for the Commonwealth of Massachusetts

or a Massachusetts local

government employer, you may



take a lump-sum distribution or roll over your assets into another eligible employer-sponsored plan or traditional Individual Retirement Account (IRA). All distribution methods can come to you in the form of a check or electronic funds transfer to your bank account.

A leave of absence is not severance from employment. Also, a change from part-time to full-time employment, or any similar change, is not considered an event that could result in a distribution from the SMART Plan. Benefits attributable to a voluntary contribution account may be distributed under other options available under the SMART Plan.

You may elect to receive your distribution immediately upon severance from employment. For more information or to access a Distribution Request Form, please contact the SMART Plan Service Center at (877) 457-1900, option 0.¹

Cover photo of Race Point Lighthouse in Provincetown, Massachusetts.



A LETTER FROM
TREASURER TIMOTHY P. CAHILL

Dear SMART Plan Participant,

The new year offers us each a fresh opportunity to take steps to improve our chances of reaching our retirement savings goals.

As a New Year's resolution for retirement, consider increasing your contribution rate. Even modest increases have the potential to add up over time. See *Increasing Your Contributions* on page 2 of this newsletter for more information.

Another retirement resolution to consider is ensuring your beneficiary is up-to-date. Updating your beneficiary is quick, easy and also essential. Please read the article on page 3 for details.

Most importantly, as you plan for your retirement, remember that you don't need to do it alone. If you're interested in learning more about making additional contributions or your employment status has changed and you have questions regarding your distribution or rollover options, your local representative can help. Contact information for your local representative is on the back page of this newsletter.

Happy New Year!

TIMOTHY P. CAHILL
SMART PLAN PARTICIPANT
STATE TREASURER &
RECEIVER GENERAL

ALSO IN THIS ISSUE: YOU CAN DO MORE TO PREPARE FOR RETIREMENT • ENSURE YOUR BENEFICIARY IS UP-TO-DATE • CONVERTING TO FULL-TIME STATUS • SERVICE BUYBACKS

You Can Do More to Prepare for

Increase your chances for a secure retirement through voluntary contributions

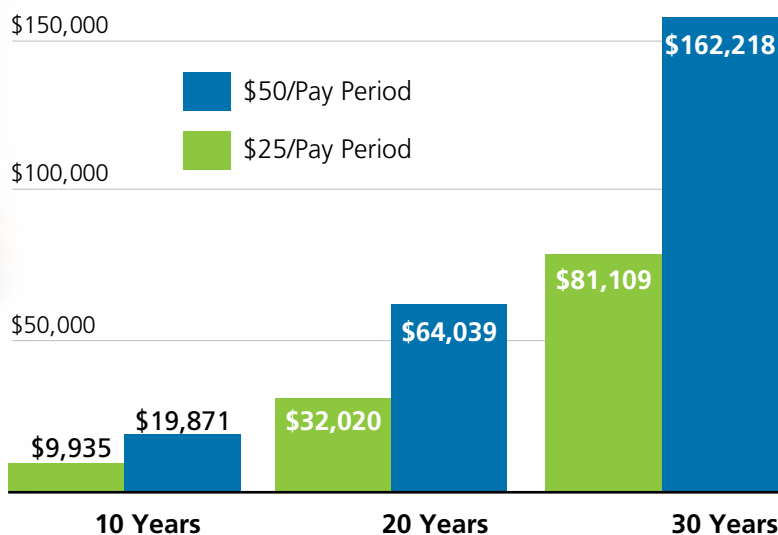
If you are still a part-time, seasonal or temporary employee of the Commonwealth of Massachusetts or a Massachusetts local government employer, you are required to contribute at least 7.5% of your gross compensation per pay period in the Massachusetts Deferred Compensation SMART Plan (SMART Plan). The SMART Plan is an alternative to Social Security as permitted by the federal Omnibus Budget Reconciliation Act of 1990 (OBRA). This contribution is deducted on a pre-tax basis, reducing your current taxable income. This means that you will not pay any tax on this money until it is distributed from your account.

Increasing Your Contributions

While you are required to contribute a minimum, you have the option to make additional contributions (voluntary contributions) above the mandatory contribution of 7.5% of compensation per pay period.

The best way to ensure a secure retirement is to contribute as much as you can, based on your individual circumstances. While you cannot control the rate of return for your investments, you have absolute control over the amount you contribute to your retirement. Even a small increase can make a big difference over time.

The following graph illustrates the potential long-term effect of increasing your contribution by \$25 to \$50 per pay period (26 pay periods).



For illustrative purposes only. This hypothetical illustration does not represent the performance of any investment options. It assumes an 8% annual rate of return and reinvestment of earnings, with no withdrawals. The illustration does not reflect any taxes, charges, expenses or fees that may be associated with your Plan. The tax-deferred accumulations shown above would be reduced if these fees had been deducted. Source: Great-West Retirement Services®, 2009.

The best part is that the money is automatically deducted from your paycheck and put into your SMART Plan account, allowing you to pay yourself first!

Retirement

Contributions to the SMART Plan.

Accessing More Investment Options and Services

By contributing more to the SMART Plan, not only do you greatly increase your chances for a secure retirement, you gain access to a wide array of high-quality investment options. You can choose one of the SMARTPath Retirement Funds to provide a diversified portfolio in one simple step. The asset allocation strategy is managed by experienced investment professionals. You can also choose to build and monitor your own investment portfolio with the help of Reality Investing®. Reality Investing provides investment advisory tools and services based upon the level of involvement you desire in managing your investments. Reality Investing includes free Online Investment Guidance, Online Investment Advice for \$25 per year, and a Managed Account service for personal and professional investment assistance and account management. There is no guarantee that participation in the Reality Investing advisory services will result in a profit or that your account will outperform a self-managed portfolio.

An annual fee based on your account balance will be assessed to your account quarterly if you use the Managed Account. See the chart for the fee schedule.

Managed Account Service Annual Fees

| Account Balance | Annual Fee |
|------------------------|------------|
| Less than \$100,000 | 0.55% |
| Next \$150,000 | 0.45% |
| Next \$150,000 | 0.35% |
| Greater than \$400,000 | 0.25% |

All investments are freely transferable among options in accordance with the terms of the SMART Plan. OBRA voluntary contributions will not be charged an additional administrative fee.

To set up voluntary contributions or to learn more, please contact your local SMART Plan representative at (877) 457-1900, option 2.¹

Ensure Your Beneficiary Is Up-to-Date

Should you die before receiving your entire SMART Plan account balance, the funds will go to your designated beneficiary. If you do not designate a beneficiary, your funds will be paid to your estate and will be distributed in accordance with Massachusetts probate law.

It is **essential** that you designate a beneficiary on the enrollment form to ensure your assets will pass on as you intended.

Updating your beneficiary is quick and easy. You have two choices:



Online

Log in to the SMART Plan Web site at **www.mass-smart.com** > Account Access.¹ Then go to My Profile > Update Beneficiary.

*Please note: You will need your Personal Identification Number² (PIN) and Social Security number to access your account via the Web. If you misplaced, forgot or never received your PIN, go to **www.mass-smart.com** > Account Access > Forgot Your PIN. Upon verification of your information, you can reset your PIN.*



Paper

Go to **www.mass-smart.com** > Find a Form.¹ Click on the link OBRA Mandatory Beneficiary Designation. Mail or fax the completed form to the address or fax number provided on the form.

You will receive a written confirmation after your beneficiary information has been updated. It is extremely important that you keep the Plan administrator advised of your beneficiary changes.

Converting to Full-Time Status

If you are now a permanent, full-time employee and have a balance in an OBRA mandatory account, you may elect to transfer your OBRA mandatory account to your voluntary account in the SMART Plan.

In order to take advantage of this option, you cannot be actively contributing to the OBRA mandatory Plan. To implement this change or to learn more, please contact your local SMART Plan representative at **(877) 457-1900, option 2.¹**

Service Buybacks

If you reach a point where you are no longer making OBRA mandatory contributions but you're still working for a Commonwealth of Massachusetts state agency or municipality, you may be eligible for a "Service Buyback" of your credible years of service to your qualified governmental defined benefit retirement plan. Service Buybacks may be funded from transferred assets from the OBRA mandatory and/or voluntary contribution accounts.

To learn more about how to take advantage of this benefit, contact your local SMART Plan representative at (877) 457-1900, option 2.¹



GOT QUESTIONS? NEED ANSWERS?

SMART Plan Customer Service Center¹

Call us today at **(877) 457-1900!**
Available Monday through Friday
from 9:00 a.m. to 8:00 p.m. ET

Regional Service Center Waltham

255 Bear Hill Rd.
Waltham, MA 02451
Available Monday through Friday
from 9:00 a.m. to 5:00 p.m.

Boston

One Ashburton Place, 12th Floor
Boston, MA 02108
Available Monday through Friday
from 9:00 a.m. to 5:00 p.m.

Boston

31 St. James Avenue, Suite 810
Boston, MA 02116
Available by appointment

Springfield

436 Dwight Street, Room 109
Springfield, MA 01103
Available Monday,
Wednesday and Friday
from 9:00 a.m. to 5:00 p.m.

Worcester

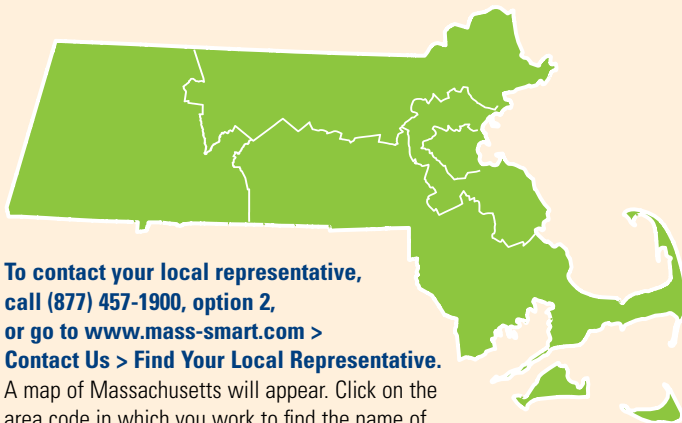
2 Chestnut Place/22 Elm Street
Worcester, MA 01608
Available Monday and Thursday
from 9:00 a.m. to 5:00 p.m.
Tuesday, Wednesday and Friday
from 9:00 a.m. to 3:00 p.m.

Framingham

945 Concord Street
Framingham, MA 01701
Available by appointment

Quincy

859 Willard Street
Quincy, MA 02169
Available by appointment



**To contact your local representative,
call (877) 457-1900, option 2,
or go to www.mass-smart.com >
Contact Us > Find Your Local Representative.**

A map of Massachusetts will appear. Click on the area code in which you work to find the name of your local representative.

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¹ Access to the SMART Plan Service Center and Web site may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons.

² The account owner is responsible for keeping the assigned PIN confidential. Please contact Great-West Retirement Services immediately if you suspect any unauthorized use.

Core securities, when offered, are offered through GWFS Equities, Inc.

Managed account, guidance and advice services are offered by Advised Assets Group, LLC (AAG) and powered by Ibbotson Associates. Both AAG and Ibbotson Associates are federally registered investment advisers. AAG and GWFS Equities, Inc. are wholly owned subsidiaries of Great-West Life & Annuity Insurance Company. GWFS Equities, Inc., or one or more of its affiliates, may receive a fee from the investment option provider for providing certain recordkeeping, distribution and administrative services. Representatives of GWFS Equities, Inc. are not registered investment advisers and cannot offer financial, legal or tax advice. Please consult with your financial planner, attorney and/or tax adviser as needed. Great-West Retirement Services® refers to products and services provided by Great-West Life & Annuity Insurance Company and its subsidiaries and affiliates. Great-West Retirement Services® is a registered service mark of Great-West Life & Annuity Insurance Company. All rights reserved.

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